

MEMORANDUM

TO: Missouri Public Service Commission Official Case File,
Case No. GR-2007-0179, File No. JG-2007-0317
Laclede Gas Company formerly Fidelity Natural Gas Company

FROM: James A. Gray, Energy Department – Tariffs/Rate Design

/s/ James A. Gray 11/7/06 /s/ Lera Shemwell 11/7/06
Utility Operations Division/Date General Counsel's Office/Date

SUBJECT: Staff Recommendation on Laclede Gas Company's (formerly Fidelity Natural Gas Company) Scheduled Winter Season PGA Filing Effective November 20, 2006

DATE: November 7, 2006

On November 3, 2006, Laclede Gas Company (Laclede or Company) of St. Louis, Missouri filed a tariff sheet proposed to become effective November 20, 2006. The tariff sheet was filed to reflect scheduled changes in Laclede's PGA factors as the result of an estimated change in the cost of natural gas for the upcoming winter season and changes in the Actual Cost Adjustment (ACA) factor. This filing reflects the former Fidelity Natural Gas Company's (FNC) PGA filing. The Missouri Public Service Commission (Commission) approved Laclede's ownership of FNC to become effective on February 28, 2006.

This filing will decrease the firm PGA factor from the current PGA level that has been in effect since November 1, 2005. This filing will decrease the current PGA rate from \$1.1983 per hundred cubic feet (Ccf) to a proposed rate of \$0.8499 per-Ccf. This reflects a decrease of \$0.3484 per Ccf. This filing represents an approximate 29% decrease from the existing PGA rate.

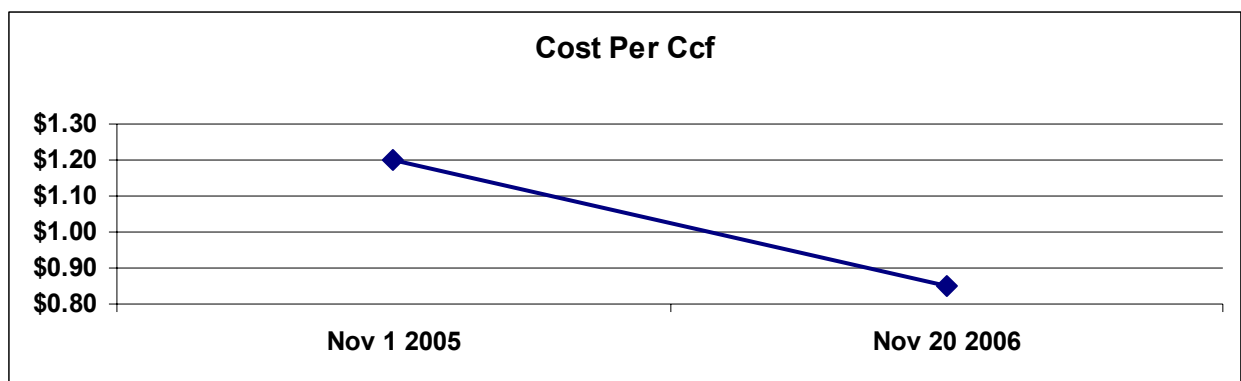
Case No. GR-2007-0179, under which these changes were filed, was established to track the Company's PGA factors to be reviewed in its 2005-2006 ACA filing. Case No. GR-2006-0170 was established to track the Company's PGA factors to be reviewed in its 2004-2005 ACA filing. This rate change should be on an interim, subject to refund status pending final Commission decisions in ACA Case Nos. GR-2006-0170, and GR-2007-0179.

Due to the limited time available to review the documentation supporting the ACA factor represented in this filing, the Procurement Analysis Department (PAD) has requested permission to submit its results and recommendations regarding the information included in this ACA filing to the Commission on or before December 31, 2007.

Staff has verified that the Company has filed its 2005 annual report and is not delinquent on any of its 2006 assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

While Staff has not had an opportunity to verify the numbers contained in the instant filing, given the interim nature of the filing, the amount of the decrease contained therein, and the need to assist Missouri consumers by promptly implementing a decrease in natural gas rates, which the Staff believes constitutes good cause. Staff is of the opinion that good cause for approval of these tariff sheets on less than thirty days notice is demonstrated by Laclede's Commission approved PGA clause allowing for ten (10) business days notice for PGA change filings.

This PGA filing reflects a decrease in Laclede's PGA rate. In comparison with last winter's rates, Laclede's current PGA filing represents a significant reduction of estimated winter bill levels. The last two PGA rates for Laclede (between November 1, 2005 and November 10, 2006) are as follows:



Therefore, Staff recommends that the following tariff sheet, filed on November 3, 2006, be approved, interim subject to refund:

P.S.C. MO. No.1

19th Revised Sheet No. 29, Cancelling 18th Revised Sheet No. 29

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of Laclede Gas Company's
Purchased Gas Adjustment Tariff Filing

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Case No. GR-2007-0179

AFFIDAVIT OF JAMES A. GRAY

STATE OF MISSOURI)

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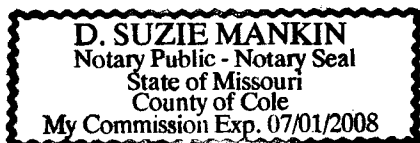
ss.

COUNTY OF COLE)

James A. Gray, is of lawful age, and on his oath states: that he has participated in the preparation of the foregoing written report, consisting of 2 pages to be presented in the above case; that the information in the attached written report were given by him; that he has knowledge of the matters set forth in such report; and that such matters are true to the best of his knowledge and belief.

James A. Gray
James A. Gray

Subscribed and sworn to before me this 7th day of November, 2006.



D. Suzie Mankin
Notary Public